

## Fiscal Note

*Fiscal Services Division*



---

**HF 675** – Mechanics Liens (LSB 2236HZ.1)

Analyst: Ron Robinson (Phone: 515-281-6256) ([ron.robinson@legis.state.ia.us](mailto:ron.robinson@legis.state.ia.us))

Fiscal Note Version – As Amended by Senate Amendment **H-8457**

---

### **Description**

**House File 675** relates to mechanics liens and the establishment of a State Construction Registry (SCR) for residential construction property.

The SCR is a centralized internet database maintained by the Secretary of State (SOS) that provides a central repository for the submission and management of preliminary notices and notices of commencement of work on all residential construction properties. The Bill requires a general contractor or owner-builder to submit a notice to the SOS or post a notice to the Registry to establish a mechanics lien. The SCR is required to be a publicly accessible centralized electronic database created and maintained by SOS.

The SOS is required to adopt rules for the creation and administration of the SCR. Fees for mechanics liens, preliminary notice filings, and notice of commencement are to be set by rule. The SCR is to be funded through the collection of fees deposited in the State Construction Registry Fund created within the SOS. The Bill eliminates the requirement that the clerk of court make an abstract of a claim for a mechanics lien and requires the SOS to record the date and hour of filing of a claim for a mechanics lien and to index every claim.

The Bill takes effect January 1, 2013.

### **Background**

On average, approximately 3,400 Mechanics Liens are filed with county clerk of court offices within the Judicial Branch. The fee to file a lien is \$50 for total revenue of approximately \$170,000. The fee revenue is transferred directly to the General Fund. No funds are retained by the Judicial Branch for administrative costs.

### **Assumptions**

- The Judicial Branch will continue to collect the fee revenue and deposit it in the General Fund for the first six months of FY 2013.
- Approximately 2,900 Notices of Commencement will be submitted to the SCR in FY 2013 and 5,700 in each subsequent fiscal year. The fee will be established at \$10.
- Approximately 5,700 Preliminary Notice Filings will be submitted to the SCR in FY 2013 and 11,400 in each subsequent fiscal year. The fee will be established at \$7.
- Approximately 570 Mechanics Lien Filings will be submitted to the SCR in FY 2013 and 850 in each subsequent fiscal year. The fee will be established at \$30.

**Fiscal Impact**

The SOS will collect approximately \$85,000 in lien fee revenue for FY 2013 and expend approximately \$138,000 for 1.4 FTE positions. The legislation does not provide funding for the expenses in excess of the revenue collected. For FY 2014, it is estimated that revenues will equal the estimated expenditure of \$162,000 for 1.9 FTE positions. The revenue collected will be used to fund the creation of the SCR including hardware, software, and information technology support.

[House File 675](#) will not have an impact on the courts.

General Fund revenues will decrease by an estimated \$85,000 in FY 2013 and \$170,000 in FY 2014 and subsequent fiscal years.

**Source**

Secretary of State

/s/ Holly M. Lyons

---

April 17, 2012

---

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

---